Erik Stevenson

From: Brad Silverberg
To: Paul Maritz
Subject: RE: draft of systems priorities memo
Date: Tuesday, October 12, 1993 10:37AM

< <File Attachment: X.WRI> >

From: Paul Maritz
To: bradsi; jimall; jonl
Subject: draft of systems priorities memo
Date: Monday, October 11, 1993 9:58AM

attached is draft of memo that I have done on system prorities. It does
not contain any radical new news, but I did want to catalogue issues
and options. Please do not forward at this point. As I note, each of
you has righst to say "I told you so", but I need your feedback.

< <File Attachment: OBJS1093.DOC> >

1. Background Facts. It was a giant breath of fresh air to read the Background Facts. Getting people to really accept these facts will be both a challenge and essential.

The key realization is that ISV's don't care about our API strategy. They may be technically attracted to our high-end advances, such as NT today and Cairo tomorrow; but ultimately, there is only one thing that matters to ISV's: volume. Or the promise thereof. ISV's won't write to NT because it's cool; they won't write to Cairo because it's cool. The "Field of Dreams" strategy does not work, as we are (again) learning. They *will* write to the platform that is selling (or they think will sell).

If we force ISV's to choose between volume and our leading edge platform, they will choose volume. ISV's didn't write to Windows because they liked our api's, our UI, or Microsoft. They tried in the worst way, in fact, to not write to Windows. But we built volume which drove the ISV's to Windows.

Therefore, our strategy must be to continue to advance the mainstream desktop, have it continue to be the dominant desktop platform, and couple it closely with our other high-end products to provide mutual synergy. This time, we need to ensure that it's super easy for an ISV to reach the high-end platform while he's targetting the mainstream one. ISV's simply won't write to NT or Cairo unless those API's are also on Chicago. We need to ensure that the combination of our mainstream client desktop and a high-end product yields substantially more benefit than either standalone. That means convergence. It seems so obvious.

While obvious, it also means a change in perspective and attitude for the both the Chicago and Cairo groups. For Chicago, there needs to be flexibility into doing things in a way Cairo can also support. For Cairo, it requires a realization that the tail can't wag the dog: ISV's will target Chicago first and that will be our springboard into Cairo support. We can't control the ISV's via Cairo; if Chicago contains some feature that Cairo refuses to support, it won't stop ISV's from using it in Chicago; it will just make Cairo incompatible. There has been some progress in this regard, in both teams, but still far to go.

A minor quibble is that I think the estimate for 1995 machine size is still optimistic. I don't think it will ramp to 16MB as the center of gravity by then. It's not worth arguing over '95 vs '96 here; the key point is that machine sizes will continue to be smaller than we would like them to be for the high end, and we have to target our strategy accordingly.

2. Objectives. The Objectives section is on target, though I think "Make things simpler for the end user" should be much higher, say (at worst) #3. By making our products simpler, we will drive volume. By driving volume, we'll maintain market share, keep isv's busy, and establish new functionality. I don't want to overstate the case, because making things simpler is not the only thing we must do to be successful (ie, to drive volume), but it's a biggie. Thus, to me, the objectives need to be weighted towards the things we must do so that we can achieve share, new function, and api content. I guess this means delivering on the goals of Chicago: ease of use; modern, 32-bit, smooth multitasking os; great connectivity (lan and remote); robust, compatible, mainstream.

3. Objectives Implications. I'm not sure the primary reason OS/2 is selling is because it multitasks well. Rather, it's one reason among many. To its protractors, it's modern (not dependent on or limited by creaky dos underpinnings) [synonyms: 32-bit, fully prot mode, SOM, smooth multitasking]; cool with the workplace shell; robust; compatible with DOS apps and Win 3.1 apps [better than NT]; and runs well on common if not yet mainstream hw [8M ram]. In other words, it delivers on the promise of NT, today, on 8M systems.

Therefore, for Chicago to beat OS/2 it's more than just smooth multitasking; it must also have the above and more: cooler, P&P, more compatible, more mainstream; plus advancing Windows as a platform (connectivity, api content); AND be very synergistic with the other members of the Windows family (and they with it).

4. NT Strategy. It seems like you are punting on using NT to compete with Novell, especially for "mainstream" networking, ie, file/print service, enterprise connectivity, and systems management. I think this is a mistake. The place where NT will be most competitive is as a server. We need to compete aggressively and make some wins. We have to position NT into a space where it can win, get those wins, and expand outward. Otherwise it will be viewed as a failure and written off by potential customers, analysts, and the press. This will just embolden Novell even more and give them additional momentum, that will carry over to the desktop, middleware, mobile, and who knows, even office devices. We need to keep pressing them, improving our basic networking and maintaining a positive, ongoing dialog with our customers.

Further, we need to ramp up our Netware support in NT/Cairo. Today it's not really taken seriously. We are aiming for the 30% of the market Novell doesn't already own to duke it out with them there as well as the other players competing for that 30%; and conceding the 70% they already have. We shouldn't! We should integrate as seamlessly as possible into an existing Novell site. We need to address Novell head on and be a better solution, not just among the unwashed, but among Novell customers too. This means doing things the Novell way many times, or permitting single admin of a mixed network. Cairo will fail if its Netware support is a second thought. We have to really understand what customers like in their Novell environment, and not force them to change. If we think we will beat them because we are more "elegant" or "purer" than them, we are mistaken. We should not pursue "Field of Dreams" in our Netware support. If we force customers to choose, we lose.

In defending against Unix, you remarked to me the other day that we failed to come to grips with the implications of this: the numbers will be small, ie, Unix-sized. Sun, for example, has a run rate of only 300k per year.

The discussion of RISC is good. Another aspect to RISC where we are vulnerable is at the very low end, in AtWork type devices, including handhelds. There aren't the compatibility issues here. These products are dominated by concerns of cost, power consumption, and cpu horsepower. The fact that we don't have a portable low-end kernel is a significant exposure.

5. Cairo. It's a no-brainer that Cairo must be an NT-based extension of Chicago. ISV's won't target Cairo by itself. We must make sure that (a) Chicago can win on the desktop (ie, we can't neuter Chicago to protect Cairo); (b) all Chicago apps run on Cairo; (c) all api's that we want the broad base of ISV's to write to on Cairo also exist on Chicago; and (d) when Chicago clients and Cairo servers are together in the same network, Chicago clients are "turbo-charged". Chicago must be a great client to Cairo.

6. Options for positioning NT/Cairo. I agree with option A: NT/Cairo must continue to be our vehicle for getting the most advanced tehcnology first. It's our vision. Our vision must continue to evolve.

7. The document does not articulate our middleware strategy. We are getting our butts kicked here by Novell and Lotus. It requires pulling together a coherent story of many parts of the Microsoft puzzle, including systems, tools, and databases. We must have a strong story here otherwise people will continue to be seduced by os-independent cross-platform middleware.

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8. The document should also articulate a strategy for competing in the networking business prior to Cairo. In particular addressing file servers, systems management, and storage management. How are we going to win in small business? They are buying NW 3.11 in droves today.

9. The morale issue for the NT team is a direct consequence of their continued laboring under a mission that we know they cannot and will not achieve, namely, the team still believes they are going to (or should) win the desktop. The realization still hasn't sunk in that NT is not a great desktop system. Not today, not '94, not even '95. They are still trying to kill Chicago rather than focus their energies on other objectives that they can win.

Let's give them focused achievable objectives. Like push Novell off the server. Like knock off Appware. Like build great systems management that works for both Chicago and NT.

Organizationally, what makes sense to me is to have one team, PSG, focus on the client and another team, CNS, focus on the server. As the Memphis work gets further along in the Cairo incubator, it should move over to PSG where it can get productized and delivered.